



550 North California St, P.O. Box 7616, Missoula, Montana, 59807-7616

Presentation to Appropriations Committee January 18, 2013
Medicaid rates for Children's Mental Health Services to Providers

Geoffrey L. Birnbaum, Executive Director

406.541-1643

birnbaum@youthhomes.com

1. Youth Homes was founded in 1971. We serve youth from mental health, youth corrections, youth courts and child protection services. We also accept youth from referrals from parents. We operate throughout Western Montana with local programs in Hamilton, Missoula, Ronan, Polson, Kalispell and Helena.
2. Through the Children's Mental Health Bureau we contract to provide therapeutic group care, therapeutic foster care, home support services, iHome services, including crisis placement and mental health center services such as outpatient individual and family counseling. On an average day we are serving between 85 and 100 youth and their families through Medicaid and another 150 from other state agencies.
3. Our mission is to serve the neediest and poorest Montana families. Medicaid and fees from other State agencies (Courts, Corrections and Child Protection) constitute most than 95-99% of all of our clients.
4. We have few private payers to balance low Medicaid rates so for us to survive and serve well we need rates from the State that are comparable to our costs. Decisions made by this State Legislature every two years impacts directly on the quality of the services we provide. Due to rates falling farther and farther short of our costs we now have to raise, in this year alone, \$588 thousand toward a budget of \$4.3 million, or 13.4% of that total, with more on top of that to cover our capital needs such as quality homes for our kids.
5. Attached is a chart showing rates paid to providers for some Medicaid funded services through the Children's Mental Health Bureau and, there, compared to the COLA during those same years. We also compare the growth in rates compared to the growth in costs of some regular and critical things we must buy the same as the State

Departments. If you look at the chart you can see that a therapeutic group care has seen its "spending power" today be \$25,000 less than we had in 1996 and that for just 1 child in care! And believe me we are not expected to do less today but quite the opposite. For a six (6) bed group home that means we have less than \$150,000 each year to meet the increasing needs of seriously disturbed youth.

6. Last session the Governor balanced the budget, after submitting rates the same as in FY 11, by rolling rates back 2% to put us at rates equivalent to those in FY '08. What that meant for us is a wage freeze and, while our staff is glad to do the work they do and glad to have a job, they do start work with us at \$10/hour and they come with a college degree and experience working with youth. Don't think they're paying much of their student loans back while they do important work.
7. It seems, over my 36 years working for a provider serving the poorest Montanans, the State Department budgets are built upon costs that State Government needs to operate, including price increases for items they need. I believe that is part of what they say when they talk about "under current law." Then providers, like us and many others, who provide critical services to Montanans, are told that our rates will have to "come out of what is left." But we all need to pay for gas, energy, paper and pay our staff a fair wage. Not wanting to whine but it has felt for many years that the State Budget has been balanced, somewhat, on the backs of service providers.
8. All I ask is that you consider how far behind we are since 1996 and help us, at least, not fall further behind by granting the Bureau 2% rate "adjustments to cost" for each of the two years of the coming biennium. We also have HB 12 to pay providers back for the rollbacks and to have you, once that is settled, put that in the base rate before you adjust it for Fiscal '14 and '15.
9. Finally, I would love to see the State establish some form of Rate Commission (heard that before I bet) that makes the way we ask for rates sound more reasoned and fair to all concerned.

Thanks you for your consideration and your valuable time.

Children's Mental Health Services
Rate Comparisons to COLA
FY 96 - FY 13 = 18 years
25-Jan-2013

		Rates over 18 years - Fiscal 95 through Fiscal 13					
Provider Rates	FY '95 Actual	FY '13 Actual	Actual % Increase	Rate Adj to COLA	% behind COLA	Amt Lost to COLA	Amt lost per client/year
Therapeutic Foster Care	\$ 70.00	\$ 77.19	10%	\$ 108.44	-29%	\$ 31.25	\$ 11,405.64
Therapeutic Group Care	\$ 190.00	\$ 224.98	18%	\$ 294.33	-24%	\$ 69.35	\$ 25,313.69
Residential Treatment	\$ 218.00	\$ 309.84	42%	\$ 337.71	-8%	\$ 27.87	\$ 10,171.78
Costs for common items in budgets							
Health Insurance per individual	\$ 64.82	\$ 294.15	354%				
Gallon of gas	\$ 1.079	\$ 3.00	178%				
Liability Insurance	\$ 19,604.00	\$ 86,591.00	342%				
Utilities for 1 group home	\$ 3,511.50	\$ 4,625.00	32%				
Starting hourly pay for Line Counselor	\$ 6.75	\$ 10.00	48%				
Agency Therapist	\$ 13.00	\$ 20.96	61%				

Notes:

COLA adjustments are compounded annually and Social Security Administration Chart on Back.
Percentage Increase in COLA since 1996 = 54.9%

Prepared by:

Geoffrey Birnbaum, Executive Director, Youth Homes Inc.

birnbaum@youthhomes.com

406.541.163

Representing Montana Children's Initiative

Social Security

The Official Website of the U.S. Social Security Administration

Cost-Of-Living Adjustments

Automatic Determinations

COLA determination

SSI payment rates increase
with COLA

Since 1975, Social Security general benefit increases have been cost-of-living adjustments or COLAs. The 1975-82 COLAs were effective with Social Security benefits payable for June in each of those years; thereafter COLAs have been effective with benefits payable for December.

Prior to 1975, Social Security benefit increases were set by legislation.

Social Security Cost-Of-Living Adjustments

Year	COLA	Year	COLA	Year	COLA
1975	8.0	1990	5.4	2005	4.1
1976	6.4	1991	3.7	2006	3.3
1977	5.9	1992	3.0	2007	2.3
1978	6.5	1993	2.6	2008	5.8
1979	9.9	1994	2.8	2009	0.0
1980	14.3	1995	2.6	2010	0.0
1981	11.2	1996	2.9	2011	3.6
1982	7.4	1997	2.1	2012	1.7
1983	3.5	1998	1.3		
1984	3.5	1999	2.5		
1985	3.1	2000	3.5		
1986	1.3	2001	2.6		
1987	4.2	2002	1.4		
1988	4.0	2003	2.1		
1989	4.7	2004	2.7		

^a The COLA for December 1999 was originally determined as 2.4 percent based on CPIs published by the Bureau of Labor Statistics. Pursuant to Public Law 106-554, however, this COLA is effectively now 2.5 percent.

The first COLA, for June 1975, was based on the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from the second quarter of 1974 to the first quarter of 1975. The 1976-83 COLAs were based on increases in the CPI-W from the first quarter of the prior year to the corresponding quarter of the current year in which the COLA became effective. After 1983, COLAs have been based on increases in the CPI-W from the third quarter of the prior year to the corresponding quarter of the current year in which the COLA became effective.

SSI COLAs

COLAs for the Supplemental Security Income (SSI) program are generally the same as those for the Social Security program. However, COLAs for SSI have generally been effective for the month following the effective month of Social Security benefit increases. See SSI historical payment standards for more detail.

Last reviewed or modified 10/16/2012